

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
MONDAY, FEBRUARY 3, 2003, 2:00 P.M.
Room 223, State Capitol Building

Members Present: Sen. David Gladwell, Co-Chair
Rep. Bradley T. Johnson, Co-Chair
Sen. Bill Hickman
Sen. Peter Knudson
Sen. Ron Allen
Rep. Margaret Dayton
Rep. Brad Dee
Rep. Kory M. Holdaway
Rep. Patricia W. Jones
Rep. Susan Lawrence
Rep. LaWanna "Lou" Shurtliff
Rep. Bradley A. Winn

Members Absent: Rep. Gregory H. Hughes
Rep. Stephen H. Urquhart

Staff Present: Boyd A. Garriott, Senior Legislative Fiscal Analyst
Debra Headden, Legislative Fiscal Analyst
Rolayne Day, Secretary

Public Speakers Present: Commissioner Cecelia Foxley
Tim Osterstock, Legislative Audit Manager
David Squire, Utah Medical Education Council
Dean Maureen Keefe, UU College of Nursing
Rick Kinnersley, CIO, Utah Hospitals & Health Systems Association
Dean Lydia Wingate, WSU College of Nursing
Dr. Mike McGill, AHEC
Mark Barton, VP for Advancement, SUU

Visitor List on File

Committee Co-Chair Gladwell called the meeting to order at 2:13 p.m.

1. Committee Business

MOTION: Rep. Shurtliff moved to approve minutes of the January 29, 2003, meeting.

The motion passed unanimously with Sens. Knudson and Allen and Reps. Dee and Winn absent for the vote.

MOTION: Rep. Dayton moved to hold the School of Medicine admissions audit followup report to the end of the session or as a priority for interim review.

Discussion to the motion was heard from Reps. Holdaway, Dayton, Johnson, and Shurtliff, Sens. Gladwell and Hickman, and Tim Osterstock, Manager, Legislative Auditing.

The motion passed unanimously with Sen. Allen and Rep. Winn absent for the vote.

2. Utah Medical Education Program (UMEP)—Analyst Debra Headden said UMEP is administered by the Utah Medical Education Council. The Council works with the healthcare industry and institutions with medical education programs to evaluate future health care needs for a viable healthcare workforce. In addition, they use this information to distribute federal funding based on critical needs.

The Council has been very successful in their endeavors with an annual increase of \$16 million for Federal Fund Participation payments for direct medical education expenses. They created a data base of daily medical residency rotations that captures activities eligible for reimbursement (\$2 million). An annual appropriation of \$1.5 million was obtained for dental training and direct medical education expenses for area hospitals. It was noted that the University of Utah receives 85% of these funds (\$16.6 million). The analysts recommend an appropriation of \$3,000 in State funds for health and dental insurance rate increases and \$200,000 for administrative costs if money becomes available.

David Squire, UMEP Financial Officer, said their goal is to meet Utah healthcare needs by linking funding source to the training process. They have established measurement parameters to improve the quality of medical education and now have the financial freedom to move residents and interns into the rural setting. Mr. Squire said medical education has historically been driven by the hospital workforce, but that creates an oversupply of specialists and an undersupply of family practitioners. UEMP matches needs across the state and then develops a plan to utilize the resources most effectively. Rep. Winn asked how much an investment of \$200,000 would bring in federal money. Mr. Squire said at minimum they could match one to one, and at the most to three to one.

3. Nursing Initiative—Analyst Debra Headden said there are over 17,000 nurses in Utah, but only 75% of them are working in the healthcare profession. The United States General Accounting Office reports that Utah averages 595 nurses per 100,000 population and ranks 3rd in the nation for the fewest nurses (31% below the national average). There are about 1,000 vacancies in RN positions in Utah and 500 to 1000 more nurses are needed, mainly in long-term care. Consequences relating to the nursing shortage and reasons for the shortage are detailed in the Analyst's report.

More and more nurses are leaving the profession because of working conditions. The Utah Nursing Leadership Forum (UNLF) determined that nursing education programs need to increase graduates from 571 to a little over 1,100 per year and more faculty is needed to meet those demands. They are requesting \$6.6 million in State resources to achieve these goals.

The health care industry is willing to help. IHC, for example, has agreed to give nursing departments at State institutions \$1.5 million. It is the recommendation of the Analyst that if funds become available, \$1 million be allotted for the Nursing Initiative. It is also recommended that an independent Nursing Advisory Board made up of members from the healthcare industry be created to assist the nursing education programs in the administration of the initiative. Details of the recommendation can be found in the Analyst Budget Recommendations.

Rep. Dee asked why Utah has not taken advantage of \$600,000 available from Morningstar to help train nursing faculty. Lydia Wingate, Dean of Nursing, WSU, said she understood that funding was to help people displaced after the terrorist attacks on September 11. Sen. Gladwell said the analysts will check on that information.

Rep. Jones is concerned about the shortage of school nurses, but Ms. Headden said a lot of that shortage is tied to funding, not the nursing shortage.

Rick Kinnersley, CIO, Utah Hospitals and Health Systems Association, said hospitals' ability to continue to deliver high-quality patient care is threatened by the nursing shortage. Hospitals are spending \$15 million to \$20 million annually to fund traveling nursing as well as a significant amount of overtime. In some cases, hospitals turn away patients because of the shortage and they regularly postpone surgeries. Most of the positions would start at \$40,000 per year and that translates into a \$60 million payroll loss. This, at a time when we are only accepting one-third of the qualified applicants into nursing training. For an investment of \$6.6 million, we could double the number of nurse graduates.

Sen. Gladwell asked why the shortage hasn't already been addressed by higher education and what alternative training opportunities are available. Mr. Kinnersley said the only alternative is schools outside the State system. BYU has a nursing program and 80% of their graduates stay in the state; 95% of Westminster's nursing graduates stay. Sen. Hickman said the only way it will happen is if higher education is willing to prioritize assets to accommodate the need.

Dean Maureen Keefe, UU School of Nursing and Chair of the Utah Nursing Leadership Forum, said the growth in nursing needs has been outstripped by the demand. Nationally, we will need an additional 1,000,000 nurses by 2010 and that is compounded by population growth and that the current pool of nurses is aging. Conservative estimates for Utah say we need at least 1,500 new registered nurses. The State funded nursing programs along with BYU and Westminster produce over 700 new registered nurses each year.

To expand the capacity, they have put in place an RN refresher/reactivation program, removed articulation barriers for someone who wants to go back for an advanced degree, added summer semesters, and provided program acceleration plans. They have also looked at shortening curriculum and at a teaching certificate at the University of Utah. One advantage Utah has is the large applicant pool. More nurse educators are also needed (over 50) since about one-third of the current instructors will retire in the next five years.

Sen. Knudson asked if there has been an effort to work with programs outside of Utah. Dean Keefe said they have assessed most of the schools in the Western Region and they are in a similar situation. However, some schools in the East are not at capacity. Data shows that over 90% of nursing graduates stay and work where they had their education and clinical experience. Sen. Knudson disagreed. Dean Keefe said there are financial incentives in other states that require payback by staying in the educating state.

Rep. Dayton said you have to decide if this is a priority and reallocate funding appropriately. She is concerned about hospitals eliminating LPNs and making RNs responsible for people and procedures they may not be qualified for. Hospitals need to maintain high levels of nursing and, if possible, have their own nursing programs.

Mr. Kinnersley said hospitals are also facing the loss of money for both Medicaid and Medicare. They recognize the need to increase nursing salaries and benefits but question how much more can be passed on to the private sector. They can't afford to give up \$70 million in federal funding, but they can't employ people if they can't pay them. Rep. Jones said revenue generated by HB 183 could be used for the Nursing Initiative.

Rep. Lawrence is concerned about the cost of educating nurses. Dean Keefe said the cost ranges between \$10,000 and \$12,000 across the country mostly because of the clinical supervision required for accreditation. Rep. Lawrence would like to see a commitment by graduates to stay in Utah for a certain number of years because the State invests heavily in their education. Mr. Kinnersley said hospitals are willing to provide tuition for any employee to go to nursing school. They are even willing to help employees repay student loans.

Rep. Holdaway asked why higher education institutions are reluctant to make decisions to mitigate the need in nursing. Sen. Gladwell asked if higher education is so inflexible that it cannot meet this need. Commissioner Foxley said higher education is trying to meet this need, that is why there is a Nursing Initiative and a request for funding. Institutions have already reallocated to expand their resources and have partnerships with hospitals. They have done as much as they can without additional resources. There are partnerships across state borders.

Sen. Gladwell asked if some of the lesser programs could be eliminated to respond to this critical need. Commissioner Foxley reminded the committee that there has already been \$35 million in cuts with an additional \$77 million in unfunded enrollment. Rep. Holdaway said the \$6 million is going to have to come from vertical cuts or a tax increase. Commissioner Foxley asked if there could be a restructuring of the allotments to education.

Sen. Allen said that sometimes it is dangerous to talk about what programs are more or less important in terms of long-term goals. It would be shortsighted to assume that business owners don't want to hire people with diverse backgrounds.

4. Regional Dental Education Program (RDEP)—Analyst Boyd Garriott said RDEP is a cooperative dental education program between the State of Utah and Creighton University School of Dentistry in Omaha, Nebraska. There are ten positions available where students go to the University of Utah for the first year and pay about the same tuition as medical students. The remainder of the training takes place at the dental school. One of the problems with this program is that, even though Utah subsidizes their education, many of the students do not return to practice in the State. The analysts recommend converting this to a tuition loan program where the loan would be forgiven one year for every year the graduate practices in Utah. If they choose to work out of state, they must pay back the loan. To make it even more attractive, the Medical Education Council has offered to make federal funds available, some of

which could be used for tuition. Making this change would provide for ten students at Creighton University and another ten who go elsewhere.

Studies show Utah is heading for a shortage of dentists in five years. Converting this program would help to mitigate that before it happens. Mr. Garriott said intent language would be necessary to run the program as proposed (see page 34 of the Analysts' Budget). Commissioner Foxley said the Board of Regents and the system of higher education supports this move.

5. Cooperative Extension and Agriculture Experiment Station—This item was held to another meeting

6. AHEC—Sen. Gladwell asked why the Area Health Education Centers still exists if the Legislature has eliminated the funding. Dr. Mike McGill, family physician, faculty member at UU, and Director of AHEC, said they are currently operating with some federal funding and through partnerships with the institutions. Institutional in-kind support to the program allows them to provide in-kind support at the centers. When that funding ends in 2005, they could continue with in-kind funding at host institutions. Two centers were closed, one at CEU and one at Snow.

Rep. Johnson asked if in-kind funding is State money. Dr. McGill said in-kind could be, for example, indirect expenses from federal grants at institutions (e.g. overhead). AHEC pays a fixed amount on indirect amounts at 8% where a typical grant pays 48%. The difference can be used for AHEC as in-kind contribution. Other related services are recognized as matching activities for matching purposes. Rep. Johnson is concerned about the amount of money the institutions are putting into the program. Dr. McGill said it is about \$900,000 as in-kind or matching contributions with a different mix for each institution. Rep. Johnson said the Legislature decided they didn't want AHEC and the institutions overrode that. Mark Barton, Vice President for Advancement at SUU, said there is no State money going to AHEC, only federal funds. He discussed the total impact of AHEC on their students as well as the community.

Lydia Wingate, Dean of Nursing, WSU, said no State funding is used for AHEC, but they do provide an office. Examples of an in-kind service is that the budget manager in the Dean's Office meets with the director of the Northern Utah AHEC about budgeting. Rep. Johnson said in these bad budget years you have to eliminate programs. It is frustrating that when a program is eliminated, it doesn't get eliminated. The money should go into other programs like nursing. Dr. Wingate said 100% of the AHEC graduates are hired within two months.

MOTION: Rep. Winn moved to close the meeting for the sole purpose of discussing the character, professional competence, or physical or mental health of an individual (or individuals).

The motion passed unanimously with Sens. Knudson and Hickman and Rep. Dee absent for the vote.

The meeting was closed at 4:25 p.m.

7. Snow College

The meeting was reopened at 5:00 p.m.

MOTION: Rep. Winn moved to adjourn.

Committee Co-Chair Gladwell adjourned the meeting at 5:00 p.m.

Minutes were reported by Rolayne Day, Secretary.